

ARF

OSA-0769
CL-67-6-46

Audit Liaison Office
P.O. Box 8135
S.W. Station
Washington, D.C. 20024

14 February 1967

SUBJECT: Report on Evaluation of Price Proposal

Contract [] (697)-12346
ECP 1940-28

TO : Contracting Officer

REF : 22 November 1966 [] Letter Proposal

1. Purpose of Audit

Per request of the administrative Contracting Officer, an evaluation has been made of the contractor's cost proposal, for the purpose of determining the reasonableness of the estimated costs of \$2,102. The contractor's CPEP proposal relates to the elimination of band 4 cross talk into band 10 receiver.

2. Results of Audit

As a result of the evaluation, the proposed costs are considered reasonable and acceptable subject to a technical review of the proposed labor hours. A summary of the contractor's proposal and the auditor's comments, are as follows:

	<u>Per Proposal</u>	<u>Ref Notes</u>
Direct Labor Engineering	[]	a
Direct Labor Manufacturing		a
Engineering Burden		b
Manufacturing Burden		b
Materials		c
Packing & Shipping		d
Subtotal		
General and Administrative		b
Total Cost		
Fee Requested		
Total Proposal		

25X1A

SECRET

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Ref Notes:

a. For the purpose of this report only, the auditor accepts the contractor's hourly rates, since any adjustment would result in an insignificant cost reduction.

b. The proposed burden and GSA rates are those agreed to by the contractor and DCAA Resident Auditor, for use in bid proposal. The proposed rates are considered reasonable by this office.

c. Over 70% of the estimated material costs were priced based on existing purchase orders, and were verified by the auditor. Based on this test the total proposed is considered reasonable.

d. Too small to review.

3. Comments on Fee

The contractor has requested ☐ fee based on estimated costs 25X1A

Arthur G. Hanley
ARTHUR G. HANLEY
DCAA Representative - APL